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SECURITIES AND EXCHANGE COMMISSION

[SEC File No. 270-330, OMB Control No. 3235-0372]

For Submission Comment Request

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Securities and Exchange Commission
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Extension: Rule 15c2-12

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (“PRA”) (44 U.S.C. 3501 et seq.), the Securities and Exchange Commission (“Commission”) is soliciting comments on the existing collection of information provided for in Rule 15c2-12 – Municipal Securities Disclosure (17 CFR 240.15c2-12) under the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.) (“Exchange Act”). The Commission plans to submit this existing collection of information to the Office of Management and Budget (“OMB”) for extension and approval.

Paragraph (b) of Rule 15c2-12 requires underwriters of municipal securities: (1) To obtain and review an official statement “deemed final” by an issuer of the securities, except for the omission of specified information prior to making a bid, purchase, offer, or sale of municipal securities; (2) in non-competitively bid offerings, to send, upon request, a copy of the most recent preliminary official statement (if one exists) to potential customers; (3) to contract with the issuer to receive, within a specified time, sufficient copies of the final official statement to comply with Rule 15c2-12’s delivery requirement and the rules of the Municipal Securities Rulemaking Board (“MSRB”); (4) to send, upon request, a copy of the final official statement to potential customers for a specified period of time; and (5) before purchasing or selling municipal securities in connection with an offering, to reasonably determine that the issuer or the obligated person has undertaken, in a written agreement or contract, for the benefit of holders of such municipal securities, to provide certain information on a continuing basis to the MSRB in an electronic format as prescribed by the MSRB. The information to be provided consists of: (1) certain annual financial and operating information and audited financial statements (“annual filings”); (2) notices of the occurrence of any of 16 specific events (“event notices”); and (3) notices of the failure of an issuer

or obligated person to make a submission required by a continuing disclosure agreement (“failure to file notices”).

Rule 15c2-12 is intended to enhance disclosure, and thereby reduce fraud, in the municipal securities market by establishing standards for obtaining, reviewing and disseminating information about municipal securities by their underwriters.

Municipal offerings of less than \$1 million are exempt from the rule, as are offerings of municipal securities issued in large denominations that are sold to no more than 35 sophisticated investors or have short-term maturities.

It is estimated that approximately 28,000 issuers, 250 broker-dealers and the MSRB will spend a total of 797,681 hours per year complying with Rule 15c2-12.¹ Based on data from the MSRB through December 2020, issuers annually submit approximately 61,964 annual filings to the MSRB. Commission staff estimates that an issuer will require approximately seven hours to prepare and submit annual filings to the MSRB. Therefore, the total annual burden on issuers to prepare and submit 61,964 annual filings to the MSRB is estimated to be 433,748 hours. Based on data from the MSRB through December 2020, issuers annually submit approximately 54,121 event notices to the MSRB. Commission staff estimates that an issuer will require approximately four hours to prepare and submit event notices to the MSRB. Therefore, the total annual burden on issuers to prepare and submit 54,121 event notices to the MSRB is estimated to be 216,484 hours. Based on data from the MSRB through December 2020, issuers annually submit approximately 3,597 failure to file notices to the MSRB. Commission staff estimates that an issuer will require approximately two hours to prepare and submit failure to file notices to the MSRB. Therefore, the total annual burden on issuers to prepare and submit 3,597 failure to file notices to the MSRB is estimated to be 7,194 hours. Commission staff estimates that the total annual burden on broker-dealers to comply with Rule 15c2-12 is 115,255 hours. Finally, Commission staff estimates that the MSRB will incur an annual burden of 25,000 hours to collect, index, store, retrieve and make available the pertinent documents under Rule 15c2-12.

¹ 54,121 (annual number of event notices) x 4 (average estimate of hours needed to prepare and submit each) + 61,964 (annual number of annual filings) x 7 (average estimate of hours needed to prepare and submit each) + 3,597 (annual number of failure to file notices) x 2 (average estimate of hours needed to prepare and submit each) = 657,426 hours. 657,426 hours (estimated total annual burden on issuers) + 25,000 (estimated total annual MSRB burden) + 115,255 (estimated total annual burden on broker-dealers) = 797,681 hours.

The Commission estimates that up to 65% of issuers may use designated agents to submit some or all of their continuing disclosure documents to the MSRB. The Commission estimates that the average total annual cost that may be incurred by issuers that use the services of a designated agent will be \$15,470,000.² Further, the Commission estimates that issuers will retain outside counsel to assist with filing approximately 1,100 event notices. The Commission estimates the average total annual cost incurred by issuers to retain outside counsel to assist in the evaluation and preparation of certain event notices will be \$1,760,000.³ Thus, the total estimated cost to issuers to comply with the rule is \$17,230,000.⁴

The Commission initially estimated that the MSRB would incur total annual costs of \$670,000 to operate the continuing disclosure service for the MSRB's Electronic Municipal Market Access ("EMMA") system. This estimate was based on prior discussions with MSRB staff. Based on more recent discussions with MSRB staff, the Commission now estimates the total cost to operate the continuing disclosure service for EMMA to be \$1,055,000.⁵

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information under the PRA unless it displays a currently valid OMB control number. The public may view background documentation for this information collection at the following website: www.reginfo.gov. Find this particular information collection by selecting "Currently under 30-day Review - Open for Public Comments" or by using the search function. Written comments and recommendations for the proposed information collection should be sent within 30 days of publication of this notice to (i) www.reginfo.gov/public/do/PRAMain and (ii) David Bottom, Director/Chief

² 28,000 (number of issuers) x .65 (percentage of issuers that may use designated agents) x \$850 (estimated average annual cost for issuer's use of designated agent to submit filings to the Rule) = \$15,470,000.

³ 1,100 (estimate of number of event notices requiring outside counsel) x 4 (estimated number of hours for outside attorney to assist in the preparation of such event notice) x \$400 (hourly wage for an outside attorney) = \$1,760,000. The Commission recognizes that the costs of retaining outside professionals may vary depending on the nature of the professional services, but for purposes of this PRA analysis we estimate that costs of outside counsel would be an average of \$400 per hour.

⁴ \$15,470,000 (estimated total cost for issuer's use of designated agent to submit filings) + \$1,760,000 (estimated total cost for issuer to employ outside counsel in the examination, preparation, and filing of certain event notices) = \$17,230,000.

⁵ The updated figure is comprised of an approximate cost of \$670,000 for hardware and software and an approximate cost of \$385,000 for external third-party costs. \$670,000 + \$385,000 = \$1,055,000.

Information Officer, Securities and Exchange Commission, c/o Cynthia Roscoe, 100 F Street,
NE, Washington, DC 20549, or by sending an email to: PRA_Mailbox@sec.gov.

Dated: October 15, 2021.

J. Matthew DeLesDernier,
Assistant Secretary.

[FR Doc. 2021-22902 Filed: 10/20/2021 8:45 am; Publication Date: 10/21/2021]